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Before the
Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
Access Charge Reform, Price Cap Review)	
for Local Exchange Carriers, Transport Rate)	CC Docket Nos. 96-262, 94-1,
Structure and Pricing, End User Common)	91-213, 95-72
Line Charge)	

REPLY COMMENTS OF BELL ATLANTIC¹

All of the parties agree with the Commission's tentative conclusion that the presubscribed interexchange carrier charge ("PICC") for Lifeline subscribers who take toll blocking and choose not to presubscribe to an interexchange carrier ("IXC") should be recovered from the universal service fund rather than the end user.² AT&T, however, is trying to turn a proceeding designed to help low-income consumers into a windfall for itself.

AT&T, alone among interexchange carriers, wants the universal service fund to pay the PICC for all Lifeline customers who take toll blocking, including those who presubscribe

¹ The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; Bell Atlantic-West Virginia, Inc.; New York Telephone Company; and New England Telephone and Telegraph Company.

² *Second Further Notice of Proposed Rulemaking*, FCC 97-317, ¶ 5 (rel. Sept. 4, 1997) ("Notice").

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to an IXC.³ AT&T justifies its proposal by arguing that “by electing toll blocking, the customer has indicated that he or she will not be placing long distance calls and thus will not be generating long distance revenue for the IXC.”⁴ As the Florida PSC points out, however, the PICC is intended to recover non-traffic sensitive (“NTS”) network costs that IXCs currently pay through the carrier common line charge.⁵ The PICC is based on presubscribed lines simply to allocate the NTS costs on a non-traffic sensitive basis equitably among IXCs. Whether or not a customer places any long distance calls and the number of such calls a customer places are irrelevant.⁶ Moreover, AT&T ignores the fact that many, if not most, Lifeline subscribers receive interexchange calls which generate revenues for the IXCs.

The Commission’s proposal in this proceeding is designed solely to avoid deterring low-income consumers from electing a toll blocking service.⁷ If the IXC pays the PICC, as it would if the customer were pre-subscribed to that carrier, there would be no such deterrence, and the policy goal of this proceeding would be fulfilled.⁸

³ AT&T Comments on Second Further Notice of Proposed Rulemaking. This may occur, for example, when a Lifeline customer who newly decides to take toll blocking remains presubscribed to an IXC.

⁴ *Id.* at 5.

⁵ Comments of the Florida Public Service Commission in Response to Second Further Notice of Proposed Rulemaking at 3 (“Florida PSC”).

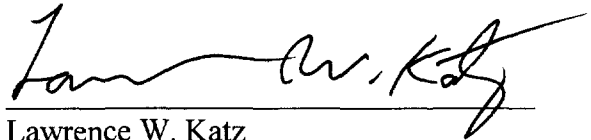
⁶ *Id.*

⁷ Notice at ¶ 4.

⁸ The need to recover the PICC from the universal service fund would disappear if the Commission were to adopt the Florida PSC’s proposal to charge the IXCs for all of the PICCs and not to impose those charges directly on end users under any circumstances. Florida notes that, because the costs being recovered are NTS costs, recovery should not be based upon the amount of interexchange traffic, if any, that a customer generates. *See* Florida PSC at 3-4.

The universal service fund should be limited to providing support for those customers who otherwise would be deprived of affordable telephone service. It should not be used, as AT&T proposes, as a mechanism to subsidize charges for which the IXC's are responsible under the Rules. Accordingly, the Commission should reject AT&T's proposal.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Lawrence W. Katz", written over a horizontal line.

Lawrence W. Katz

Michael E. Glover
Betsy L. Roe
Of Counsel

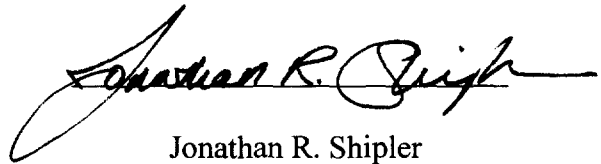
1320 North Court House Road
8th Floor
Arlington, Virginia 22201
(703) 974-4862

Attorney for the Bell Atlantic
Telephone Companies

October 9, 1997

CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of October, 1997, a copy of the foregoing "Reply Comments of Bell Atlantic" was served by first class U.S. mail, postage prepaid, on the parties listed on the attached service list.



Jonathan R. Shipler

* BY HAND

The Honorable Reed Hundt, Chairman *
Federal Communications Commission
1919 M Street, N.W.
Room 814
Washington, DC 20554

The Honorable David Baker,
Commissioner
Georgia Public Service Commission
244 Washington Street, SW
Atlanta, GA 30334-5701

The Honorable Rachel B. Chong, *
Commissioner
Federal Communications Commission
1919 M Street, N.W.
Room 844
Washington, DC 20554

The Honorable Sharon L. Nelson,
Chairman
Washington Utilities and Transportation
Commission
1300 South Evergreen Park Dr., SW
P.O. Box 47250
Olympia, WA 98504-7250

The Honorable Susan Ness, *
Commissioner
Federal Communications Commission
1919 M Street, N.W.
Room 832
Washington, DC 20554

The Honorable Laska Schoenfelder,
Commissioner
South Dakota Public Utilities Commission
State Capitol, 500 East Capitol Street
Pierre, SD 57501-5070

The Honorable James H. Quello, *
Commissioner
Federal Communications Commission
1919 M Street, N.W.
Room 802
Washington, DC 20554

The Honorable H. Russell Frisby
Commissioner
Maryland Public Service Commission
16th Floor, 6 Paul Street
Baltimore, MD 21202-6806

The Honorable Julia Johnson, Chairman
Florida Public Service Commission
2540 Shumard Oak Blvd.
Gerald Gunter Building
Tallahassee, FL 32399-0850

Tom Boasberg *
Office of the Chairman
Federal Communications Commission
1919 M Street, N.W.
Room 814
Washington, DC 20554

Charles Bolle
South Dakota Public Utilities
Commission
State Capitol, 500 East Capitol Street
Pierre, SD 57501-5070

Deonne Bruning
Nebraska Public Service Commission
300 The Atrium, 1200 N Street
P.O. Box 94509-4927

James Casserly *
Commissioner Ness' Office
Federal Communications Commission
1919 M Street, N.W.
Room 832
Washington, DC 20554

Rowland Curry
Texas Public Utility Commission
1701 North Congress Avenue
P.O. Box

Bridget Duff, State Staff Chair
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Kathleen Franco *
Commissioner Chong's Office
Federal Communications Commission
1919 M Street, N.W.
Room 844
Washington, DC 20554

Paul Gallant *
Commissioner Quello's Office
Federal Communications Commission
1919 M Street, N.W.
Room 832
Washington, DC 20554

Emily Hoffnar, Federal Staff Chair *
Federal Communications Commission
Accounting and Audits Division
Universal Service Branch
2100 M Street, N.W.
Room 8617
Washington, DC 20554

Lori Kenyon
Alaska Public Utilities Commission
1016 West Sixth Avenue, Suite 400
Anchorage, AK 99501

Debra M. Kriete
Pennsylvania Public Utilities Commission
North Office Building, Room 110
Commonwealth and North Avenues
P.O. Box 3265
Harrisburg, PA 17105-3265

Sandra Makeeff
Iowa Utilities Board
Lucas State Office Building
Des Moines, IA 50319

Phillip F. McClelland
Pennsylvania Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Thor Nelson
Colorado Office of Consumer Counsel
1580 Logan Street, Suite 610
Denver, CO 80203

Barry Payne
Indiana Office of the Consumer Counsel
100 North Senate Avenue, Room N501
Indianapolis, IN 46204-2208

Timothy Peterson *
Deputy Division Chief
Federal Communications Commission
Accounting and Audits Division
2100 M Street, N.W.
Room 8613
Washington, DC 20554

James B. Ramsay
National Association of Regulatory Utility
Commissioners
1100 Pennsylvania Avenue, NW
P.O. Box 684
Washington, DC 20044-0684

Brian Roberts
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Kevin Schwenzfeier
NYS Dept. of Public Service
3 Empire State Plaza
Albany, NY 12223

Tiane Sommer
Georgia Public Service Commission
244 Washington Street, SW
Atlanta, GA 30334-5701

Sheryl Todd *
Federal Communications Commission
Accounting and Audits Division
Universal Service Branch
2100 M Street, N.W.
Room 8611
Washington, DC 20554
(8 Copies)

Ann Dean
Maryland Public Service Commission
16th Floor, 6 Paul Street
Baltimore, MD 21202-6806

Martha S. Hogerty
Missouri Office of Public Council
301 West High Street, Suite 250
P.O. Box 7800
Jefferson City, MO 65102

ITS, Inc.*
1231 20th Street, N.W.
Washington, DC 20036